

# Fiscal Policy Institute - Enacted Budget Briefing

New York State

Fiscal Year 2024



# Introduction



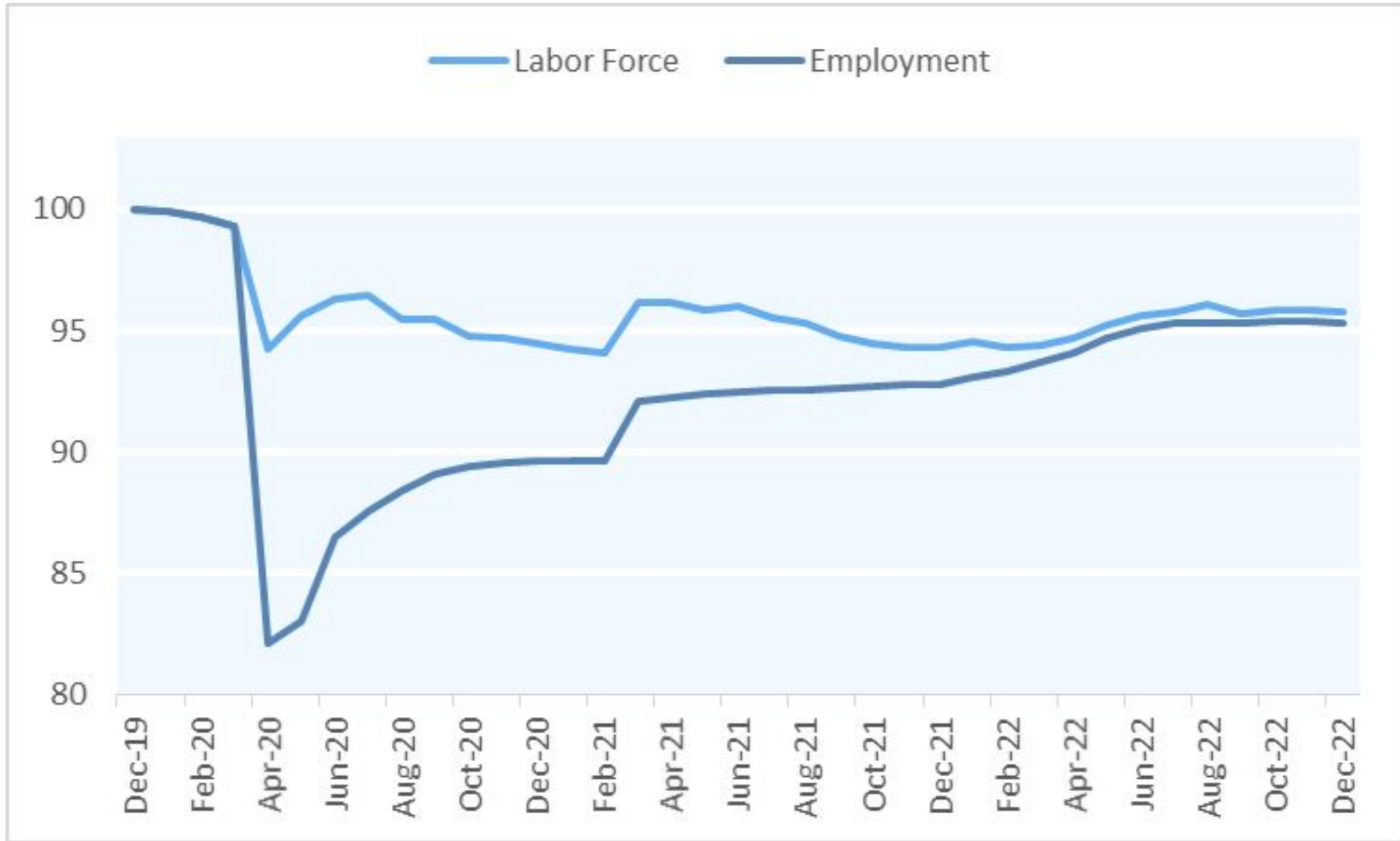
# Agenda

1. Economic Outlook
2. State of Healthcare in NY
3. Budget Basics
4. Spending Plans
5. Revenue Plans
6. Questions and Discussion

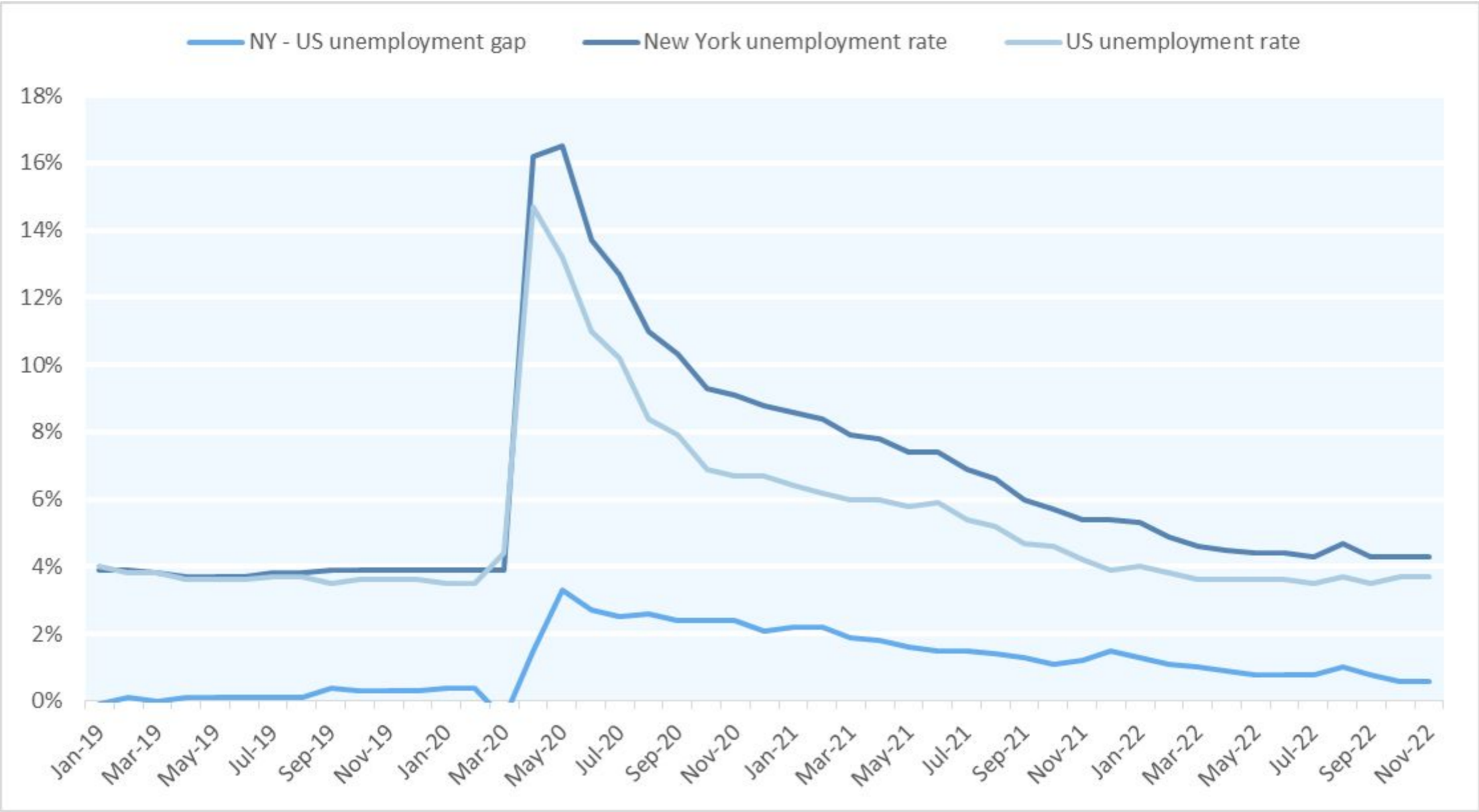
# Economic Outlook



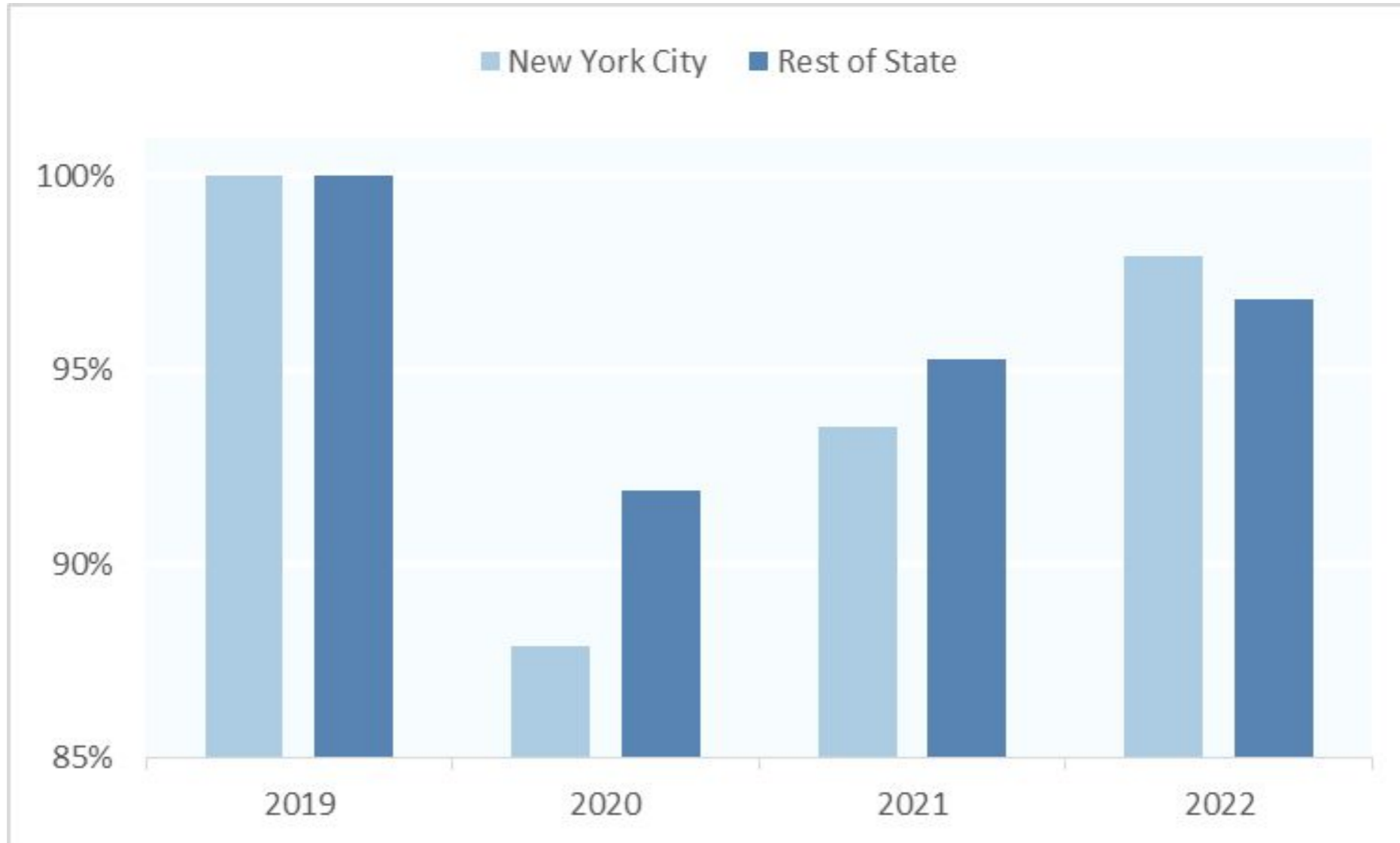
### New York labor force and employment as percentage of 2019 level



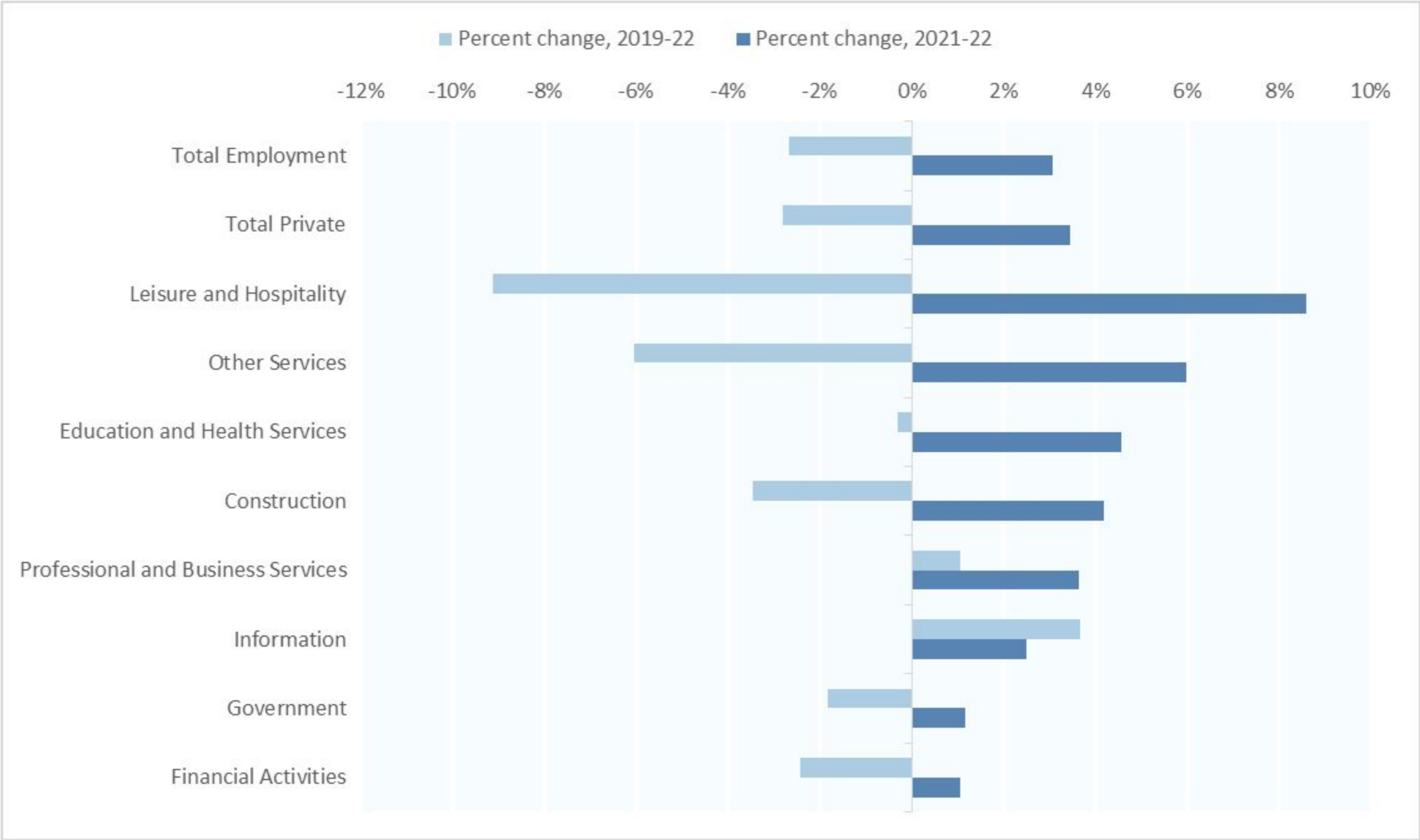
### New York and U.S. unemployment rates



## Total jobs in New York City and the rest of the state as percentage of 2019 level



### New York employment, percent change from 2019 and 2021 by industry

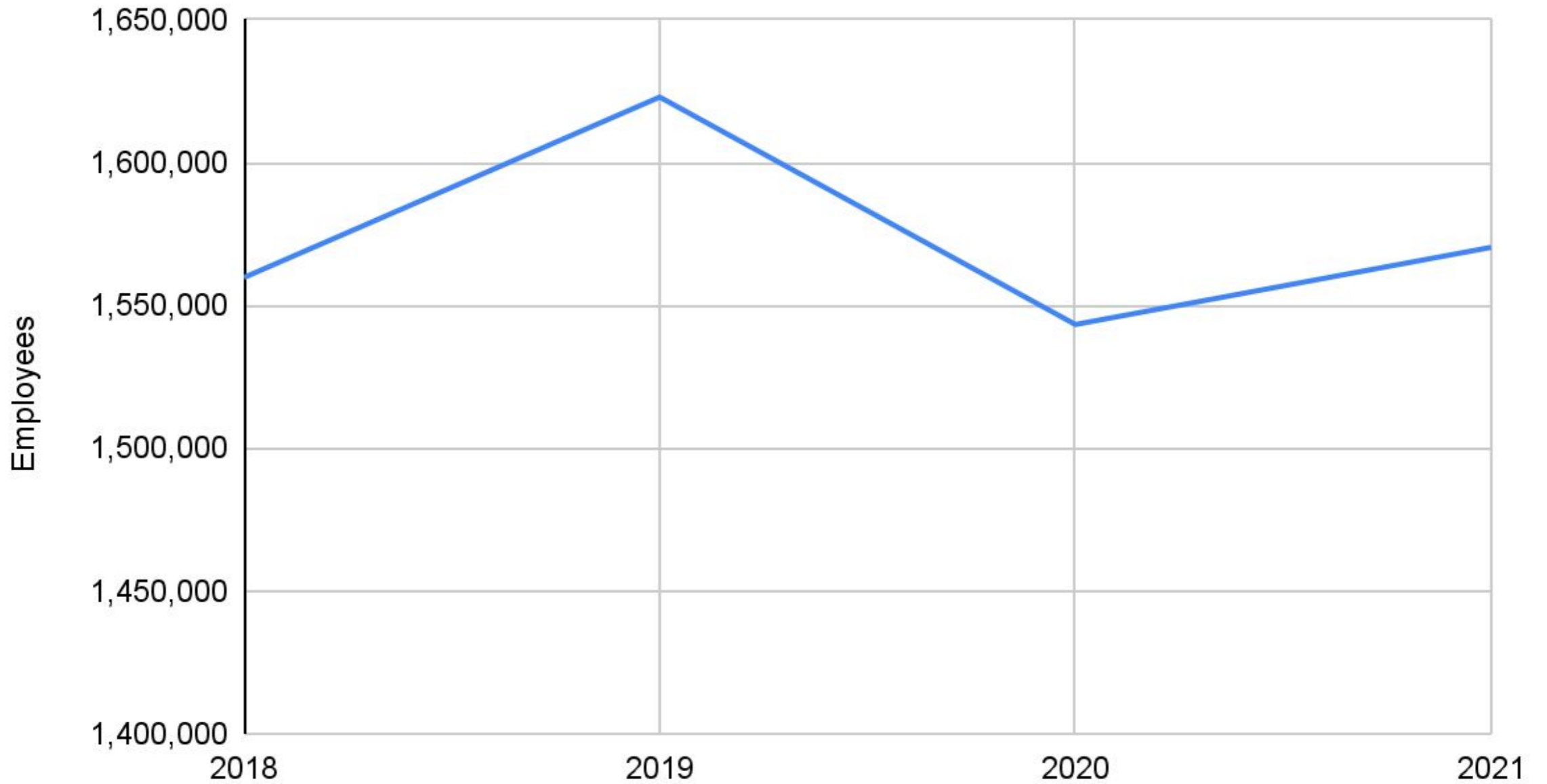




# The State of Healthcare in NY

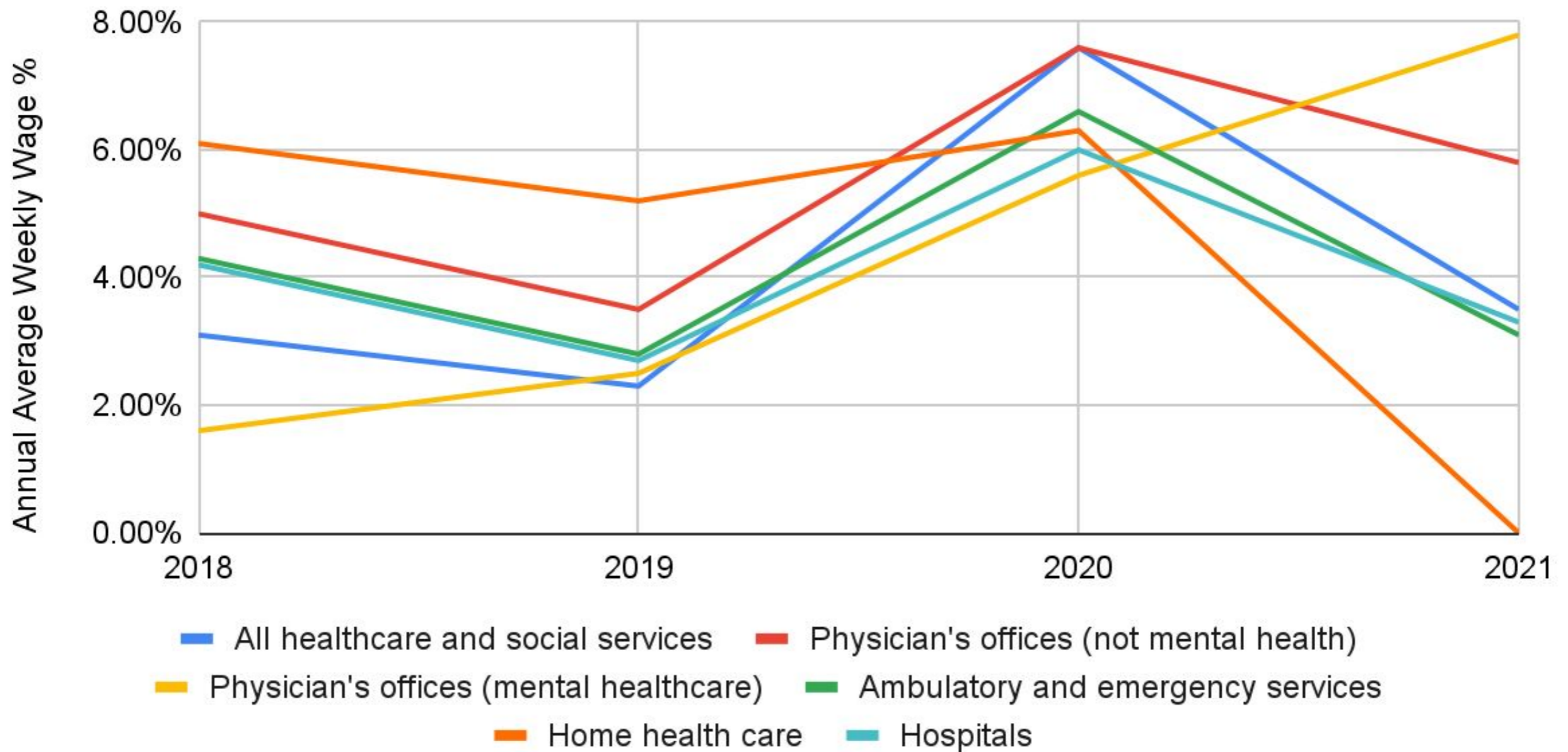


## NY state private employment in healthcare and social services



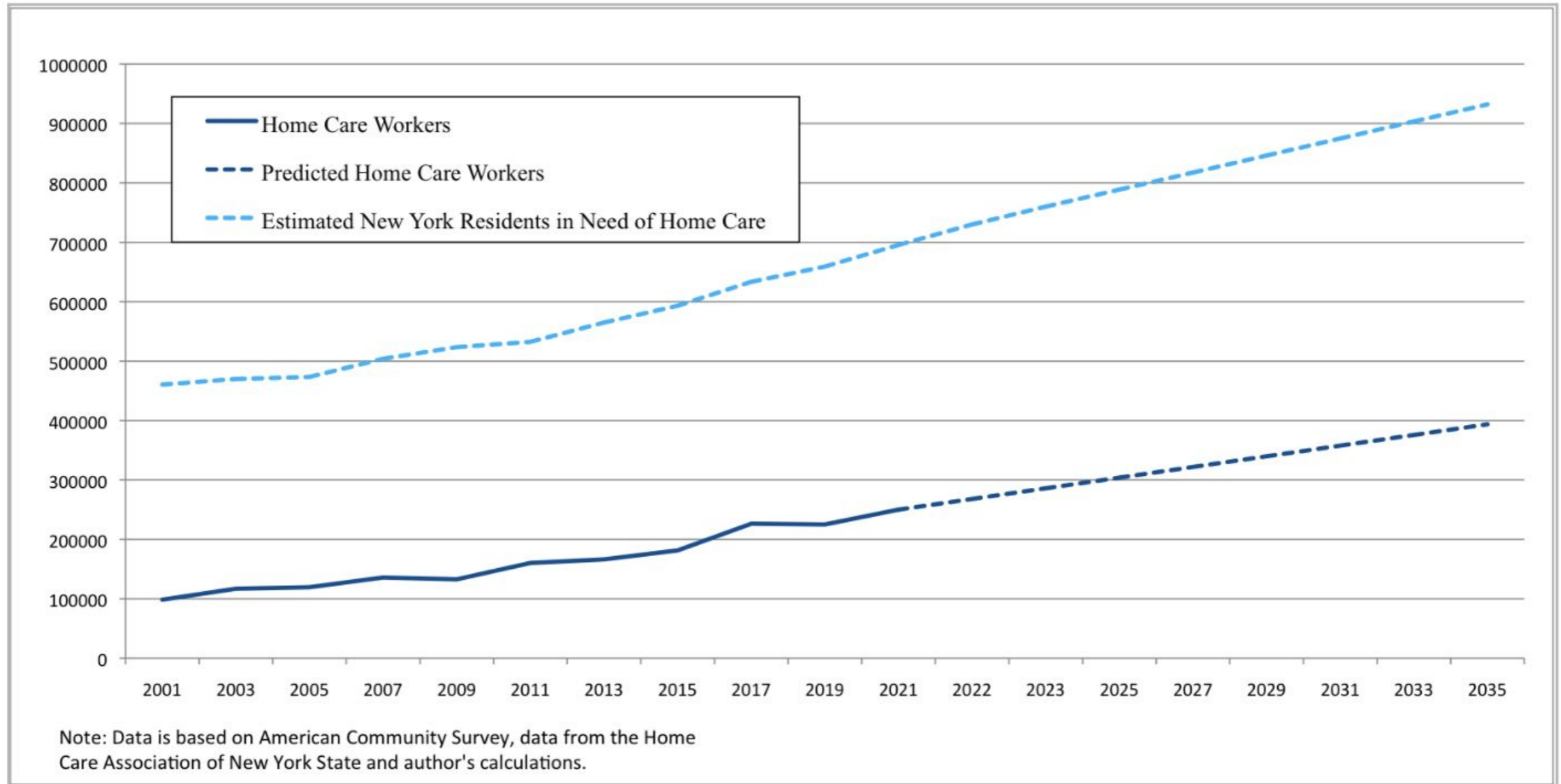
Source: QCEW.

## Annual Average Weekly Wage % Change Over the Year, private employment



Source: QCEW.

Figure 6. Gap between those in need of home care and home care workers.



# Budget Basics



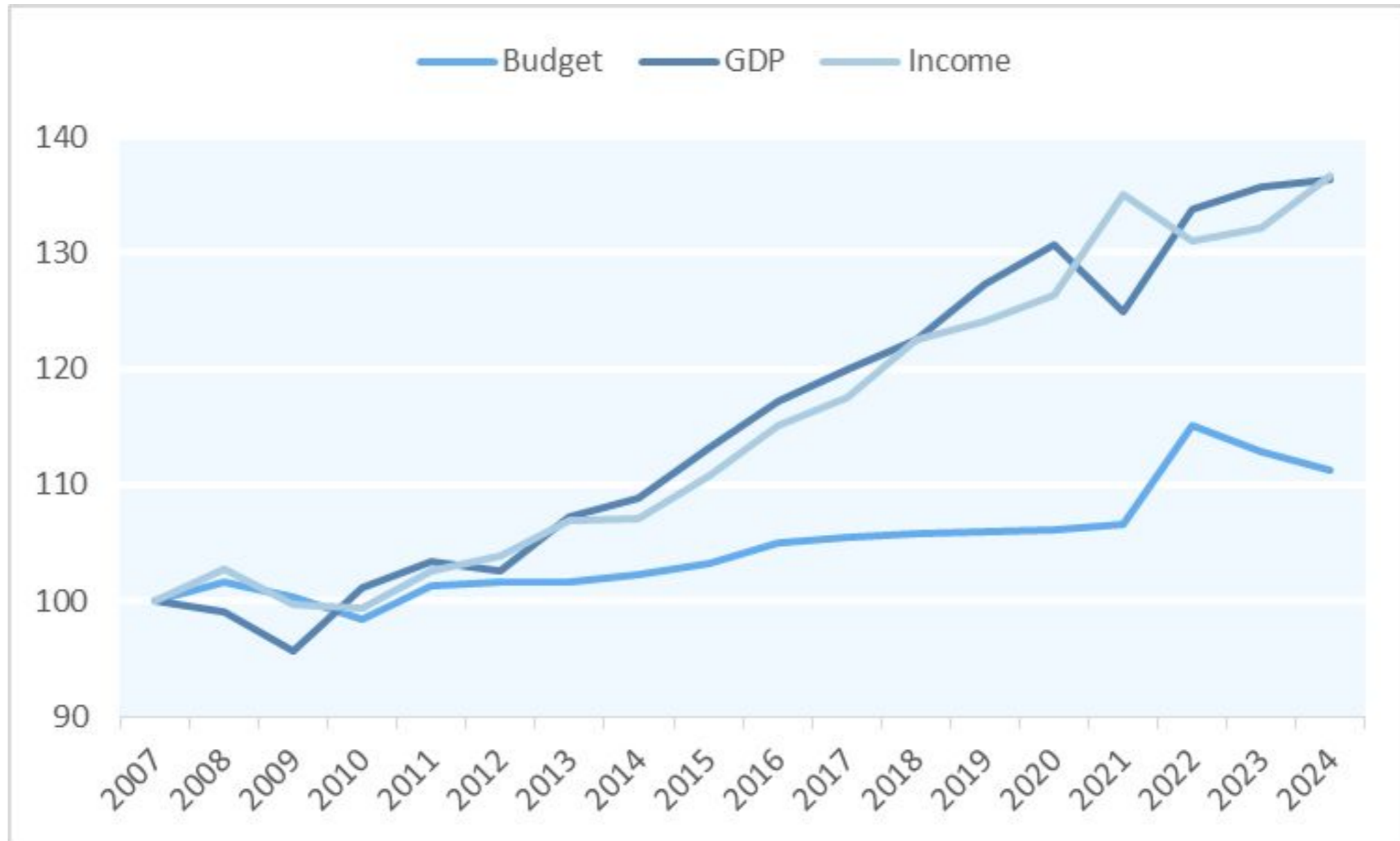
## FY 2024 Budget: \$229 billion

- The enacted budget totaled \$229 billion on an all funds basis – including federal funds
- State operating funds – which does not include federal funds – could be as high as \$127.2 billion

	Executive	Executive Update	Legislative	Enacted
State operating funds	\$125.2 billion	\$126.0 billion	\$129.9 billion	<b>\$127.2 billion</b>
Growth from FY2023	2.0%	2.7%	5.9%	<b>3.7%</b>
Reserves	\$19.5 billion by end of FY2023	Same as executive	\$18.1 billion (reduced deposit by \$1.5 billion)	<b>Same as executive</b>

## State Operating Funds Spending, GDP, and Income, Fiscal Years 2007 to 2024

*Indexed to 2007, adjusted for inflation*



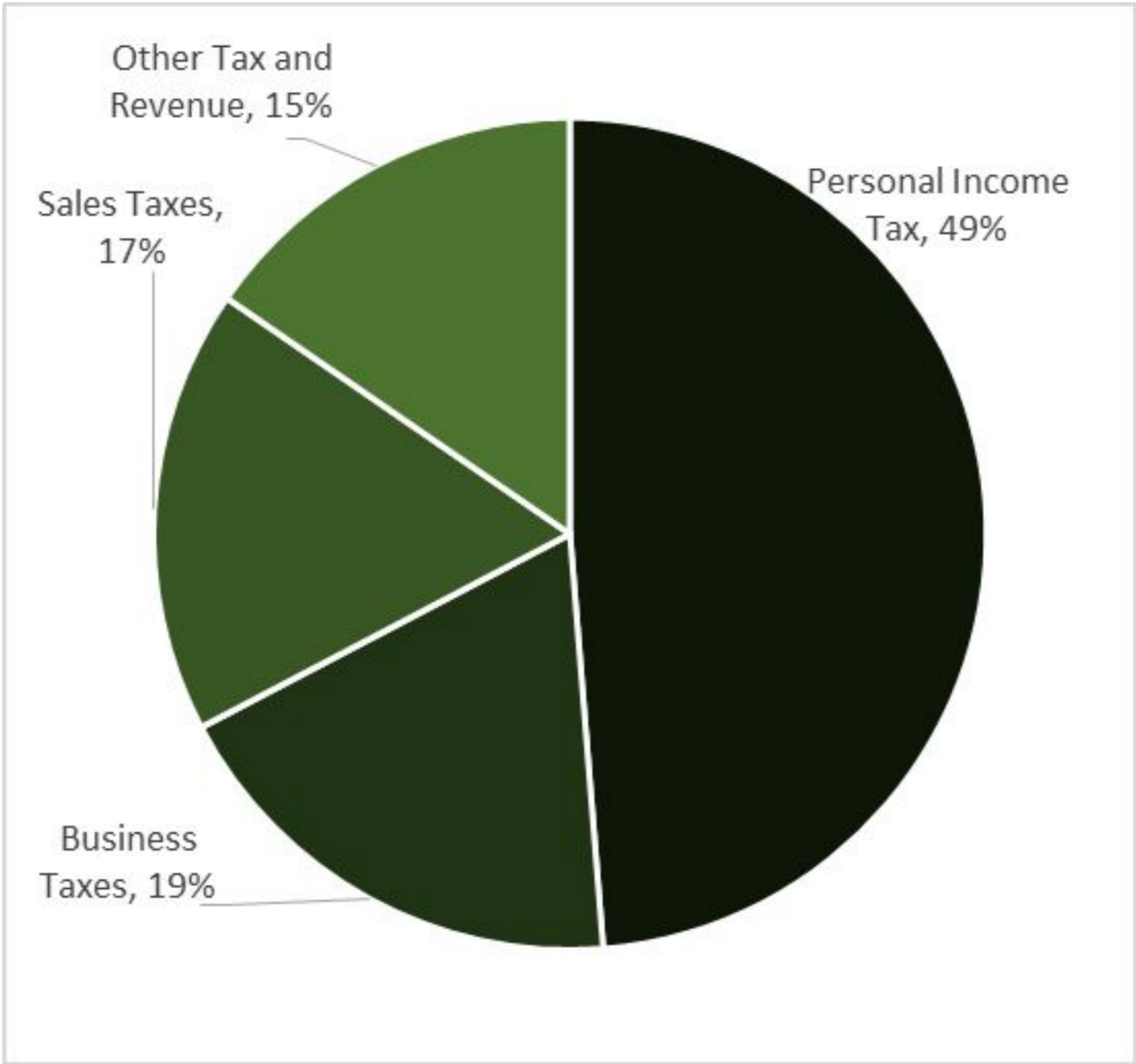
## Budget Growth Since 2016

- In economic terms, the size of the budget is flat from fiscal year 2023
  - After adjusting for inflation, growth would be 0.3 percent
  - The budget as a share of New York State personal income would remain flat at 8.0 percent

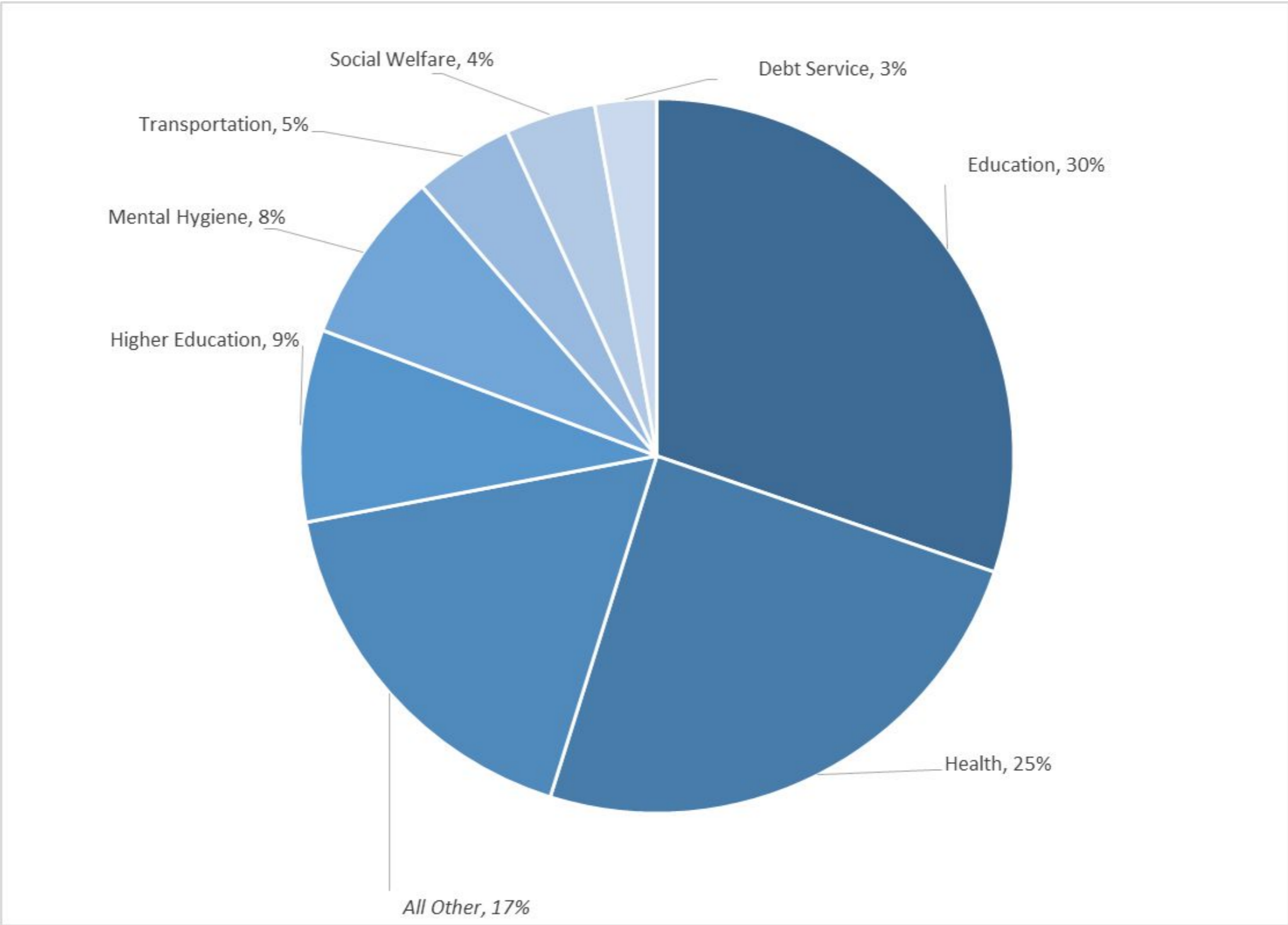




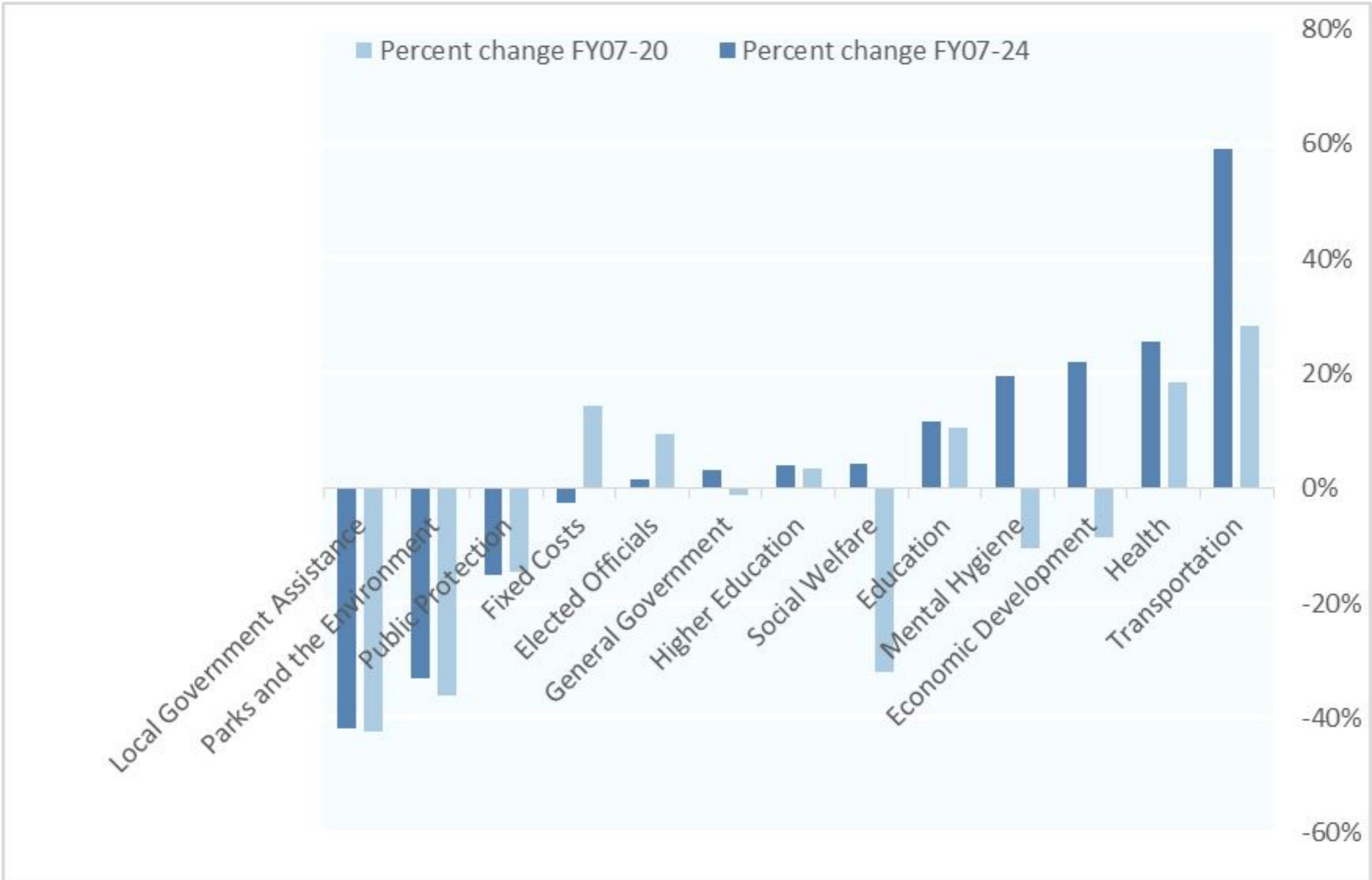
### State Operating Funds Receipts – \$125.8 billion



### State Operating Funds Spending – \$125.2 billion

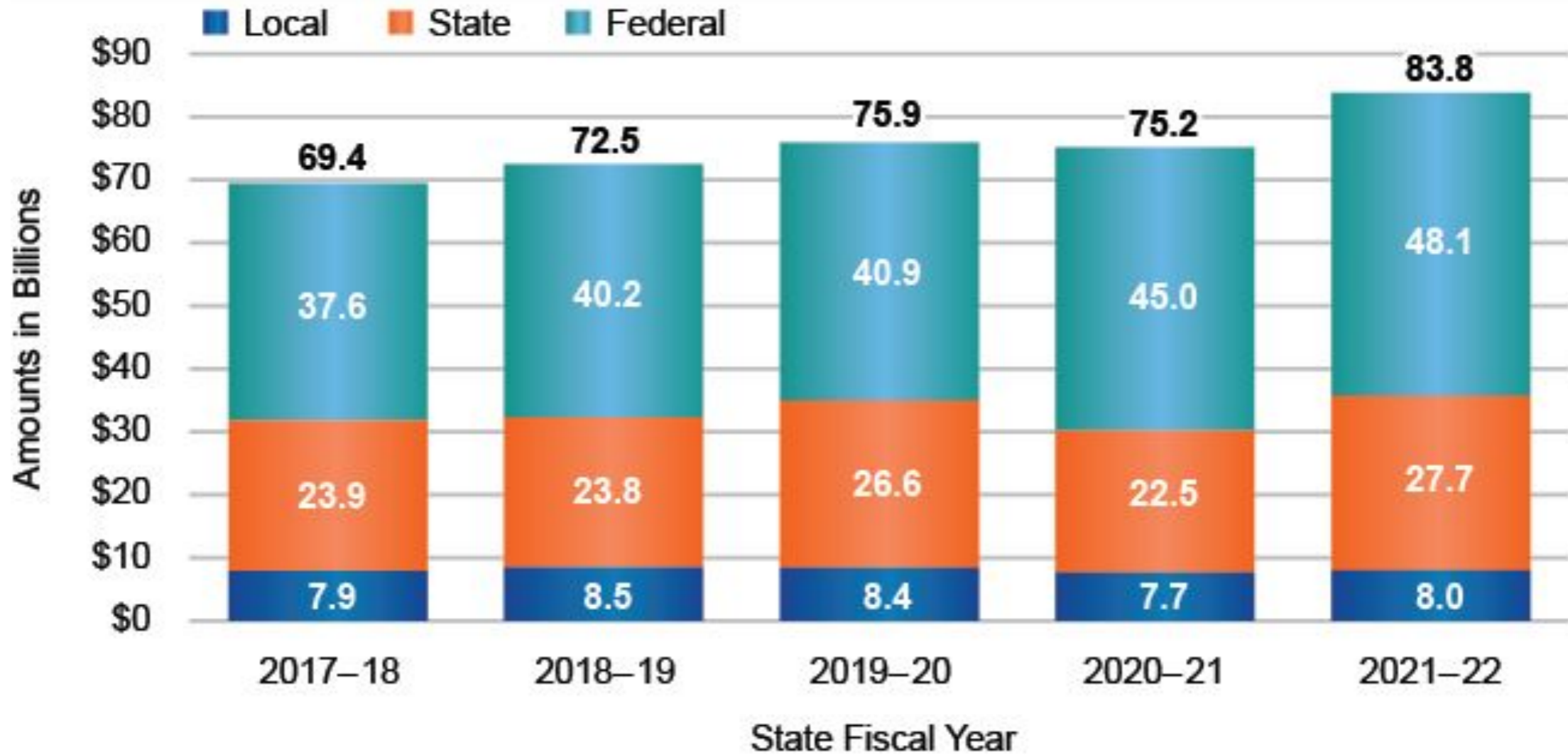


### State Spending Change by Programmatic Area, Fiscal Years 2007 to 2020 and 2024



## Medicaid Spending in New York State

*Federal, State and Local Shares*



Source: State comptroller's 2022 Financial Conditions Report.

# Budget Spending Plans



# Healthcare

- Medicaid
  - Reimbursement rates
  - \$500m for safety-net hospitals
  - Cost shifting to local level
- Essential plan expansion to 250% of poverty line (dependent on Federal funds)
- COLA adjustment
- Homecare benefits/wages raised marginally

## Healthcare (continued)

- \$1B for mental health care
- Healthcare capital grants of \$1bn
- Tobacco tax increase

# Education

## **School Aid**

- Foundation Aid
- Charter cap
- Universal pre-kindergarten
- Free School Meals

## **Higher education**

- Endowment matching funds
- Operating support
- One-time initiatives



# Housing

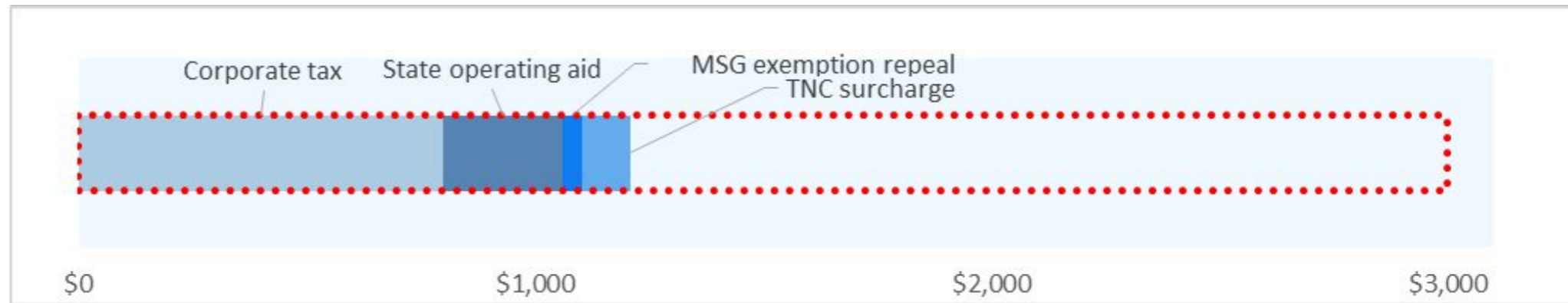
- Enacted:
  - \$365 million in rental assistance vouchers
  - Partially fills gap in wake of pandemic-era emergency rental assistance program (ERAP), which was backed by both federal and state funding
  
- Excludes all other housing policy proposals
  - Governor's Housing Compact
    - transit oriented development
    - housing production targets by locality
    - property tax breaks
  - Good Cause
  - Legislative priorities, including the housing access voucher program (HAVP), and tenant protection

# Closing the MTA Operating Deficit

## Executive Proposal



## Senate Proposal



## Assembly Proposal



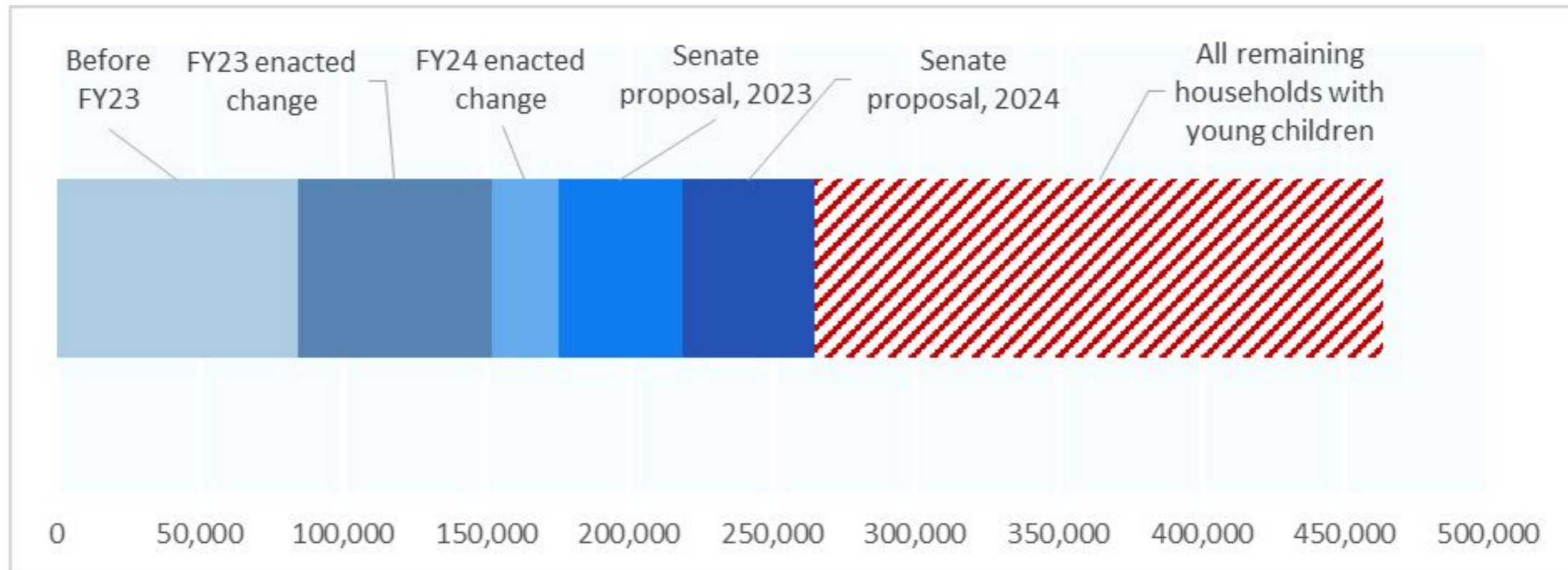
## Enacted Budget: MTA Funding

- NYC mandate: \$165 million
- \$300 million one-time appropriations
- Halves casino revenue
- \$35 million for service improvements
- \$65 million for partial fare deferral



# Child Care Subsidies

- Expands eligibility for subsidized child care
- Increases state child care block grant by ~\$130 million to support additional enrollment

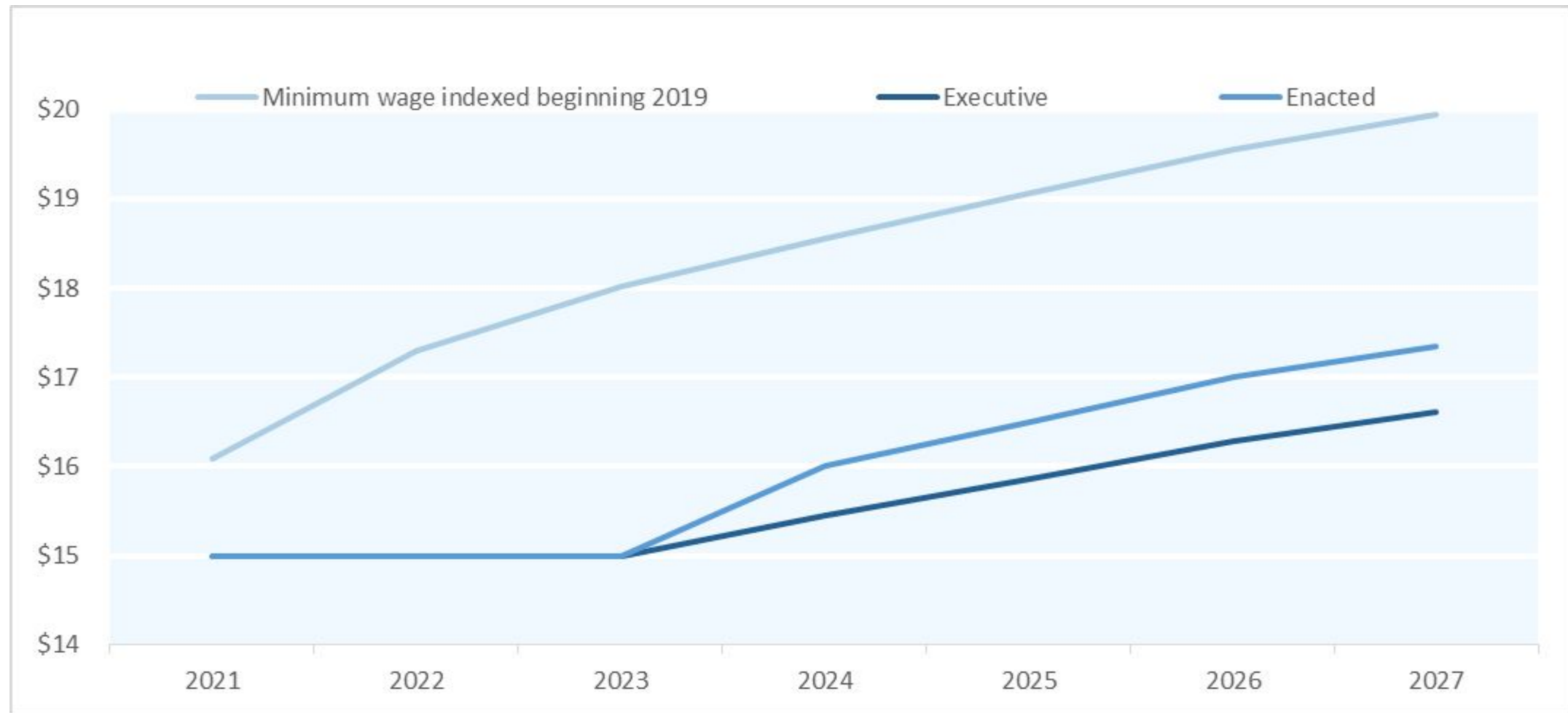


## Child Tax Credit Expansion

- Tax credit provided to lower income families with children
- Up to \$330 per child (piggyback on federal CTC)
- For families with up to \$110,000 of income (or \$75,000 for a single filer)
- Historically excluded children under age 4
- This enacted budget ends the exclusion
- **Cost: \$180 million**
  
- Working Family Tax Credit proposal (Sen. Gounardes)
  - \$1500 per child up to \$25,000 (single) or \$50,000 (married)
  - Phases down to \$500 per child, regardless of income
  - ~\$4 billion
  - All families are eligible regardless of citizenship

# Minimum Wage

Medicaid reimbursements are a large part of the state's minimum wage liability.



# Revenue Plans



# Taxes: Legislative Proposals

- Corporate Tax
  - Senate: Raise MTA surcharge from 30 percent to 45 percent
  - Assembly: Raise to 9.25 percent
  
- Personal Income Tax
  - Senate & Assembly: Increase top tax rates on \$5 million + \$25 million brackets by 0.5 percent
  
- No Payroll Mobility Tax



# Taxes: Enacted Budget

- Corporate Tax extension
  - Current corporate tax rate is 7.25 percent
  - Was scheduled to expire this year and go down to 6.5 percent
  - Extended until 2026
  - Raises revenue by \$800 million to \$1.2 billion per year
- Payroll Mobility Tax
  - Payroll tax funds MTA; applies throughout MTA region
  - Current rate is 0.34 percent
  - Increase to 0.6 percent for NYC only
  - Expected to raise \$1.1 billion annually

# Questions and Discussion

Please fill out our **SHORT** our survey!

<https://forms.gle/GWhUo22SYetHKghN9>

